



Keep Calm and Carry ~~On~~ Health Insurance

How to Shrug Off Obamacare
Confusion and Get On with Our Lives



Fine Print

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Brief History of Healthcare Reform, 1900 to 2010

- Early 20th Century Efforts:
 - Teddy Roosevelt, healthcare & other revolutionary ideas
- 1960s:
 - Lyndon B. Johnson & Medicare
- 1990s:
 - Bill (and Hillary) Clinton & HIPAA
- 2010:
 - Barack Obama and Healthcare Mandates



Federal Mandates in 2 Slides...

2010:

- "Grandfathered" Plans
- Preventive Care Must Be Covered
- "Deadbeat Kid" Rule*
- No Pre-Ex Denials of Coverage for Kids
- No Rescinding Coverage
- New Appeals Process*
- Uniform Summary of Benefits and Coverage
- Annual Limits on EHBs restricted
- Lifetime Limits on EHBs prohibited
- "Patient Protections"*

2011:

- MLR Requirements
- OTC Drug Restrictions

2012:

- CO-OPs
- PCOR Fees
- Summary of Benefits & Coverage
- W-2 Reporting

2013:

- Exchange Notice
- Health FSA Cap \$2500



Federal Mandates in 2 Slides

2014:

- Annual Limits on EHBs prohibited
- Auto-Enroll (200+ EEs)
- Clinical Trial Coverage
- EHBs Required*
- Cost-Sharing Limitations*
- 90-Day Max Waiting Period
- No PCEs for anyone
- Guaranteed Issue/Renewal*
- Individual Mandate
- Exchange Marketplaces

2015:

- Employer Mandate
- Insurer/Employer Reporting of Coverage

2018:

- "Cadillac Plan" Tax
- Really good resource:
 - kff.org/interactive/implementation-timeline/



EHBs, 2014

- EHB = Essential Health Benefits
 - Ambulatory patient services
 - Emergency services
 - Hospitalization
 - Maternity and newborn care
 - Mental health and substance use disorder services, including behavioral health treatment
 - Prescription drugs
 - Rehabilitative and habilitative services and devices
 - Laboratory services
 - Preventive and wellness services and chronic disease management
 - Pediatric services, including oral and vision care



EHBs, 2014

- EHB – What is required?
 - Health plans in the individual and small-group (100 or less) have to include coverage of EHBs in 2014 and beyond
 - Grandfathered plans are exempt
 - Plans must meet certain “actuarial value”:
 - Bronze: 60% of allowed cost of EHBs paid by plan
 - Silver: 70%
 - Gold: 80%
 - Platinum: 90%



The Individual Mandate, 2014

- Individual Mandate:
 - Everyone (with few exceptions) must have insurance by January 1, 2014 (possible to enroll by March 31, 2014 without penalty).
 - If you don't, you will be “fined” the GREATER of:

2014	\$95	<u>or</u>	1% of income*
2015	\$325	<u>or</u>	2%
2016+	\$695	<u>or</u>	2.5%

*after exemptions & standard deductions
 - Everyone in household is a separate fine
 - Age 18 and under = ½ fine.
 - Enforced by IRS (take it out of your tax return, or send you a bill).



The Individual Mandate, 2014

- Which Employees Will Get a Tax Credit?
 - Income of at least 100%, but not more than 400%, of the federal poverty level
 - (family 4 = \$23,550.00; 400% = \$94,200.00)
 - (family 1 = \$11,490.00; 400% = \$45,960.00); and
 - May not be claimed as a dependent of another taxpayer; and
 - Must file a joint return if married.



The New Sources of Health Insurance

- Where will we get our insurance?
 - Employer Plans
 - Medicare/Medicaid/CHIP/TRICARE
 - CO-OP (maybe)
 - Gov't Exchanges
 - Private healthcare bought on state- or fed-run website
 - Idaho = state-based model
 - Private Market
 - Outside of the Gov't Exchanges, insurance will still be sold as it always had
 - Includes "private exchanges"



The Idaho Health Insurance Exchange

- Kinda like a highway district. NOT a state agency, and so cannot tax anyone, and will not be eligible to receive state funds.
- 19 members, picked by the Governor, approved by the Senate:
 - DOI officials
 - Insurance carriers
 - Insurance brokers ("Producers")
 - Consumer groups
 - Employers (varied according to size); and
 - Providers (St. Luke's and St. Al's).
- Neither insurance companies who sell health plans, nor the people they sell those plans to can be forced *by the state* to participate in the SBE.
- People will still have to buy health insurance if they don't have it come Jan. 1, 2014, but the state can't force them to use the SBE to get it.



The Employer Mandate

Play or Pay:

Employers must offer affordable coverage to full-time employees, or pay a "tax".

- Which employers have to Play or Pay?
 - Only applies to employers with 50+ full-time employees
 - "full time" = 30 hours per week (130 hrs/month) average
 - Part-timers are counted according to their full-time equivalency (FTE)
 - Counting to 50...



The Employer Mandate: When??

Medium

50-99 EEs: January 1, 2016

- Must certify:
 - No firings to get under 100
 - No dropping existing health plan(s) until then

Large

100+ EEs: January 1, 2015

- Rules are otherwise the same

Small

< 50 EEs: Still exempt!!



The Employer Mandate: Who Gets Coverage?

To whom do employers have to offer coverage?

Short answer: Their full-time employees.

Who is FT?

30+ hrs/week (or 130+ hrs/month)



The Employer Mandate: Who Gets Coverage?

Short Answer: FT Employees

- How do I count hours worked?
 - Hourly: actual hours worked
 - Non-Hourly:
 - **actual hours** worked and non-worked hours for which payment is due (e.g., PTO);
 - **days-worked equivalency** (1 day = 8 hrs) for each day EE is entitled to pay for worked or non-worked time; or
 - **weeks-worked equivalency** (1 wk = 40 hrs) for each wk EE is entitled to pay for worked or non-worked time



The Employer Mandate: Who Gets Coverage?

To whom do I have to offer coverage?

Long answer: Play or Pay Freeze Tag

POPFRT



The Employer Mandate: Who Gets Coverage?

Measurement Period

"CHASE!"

- Employer looks at each EE's hours for a defined period, between 3 and 12 months (**CHASE!**)

Admin. Period

"TAG!"

- If EE employee averaged 30+ hrs/week (or 130+ hrs/month), then the EE is counted (**TAGGED!**) as a FT EE during the stability period
- If the EE worked less, then the EE is counted (**TAGGED!**) as a part-time employee during the stability period.



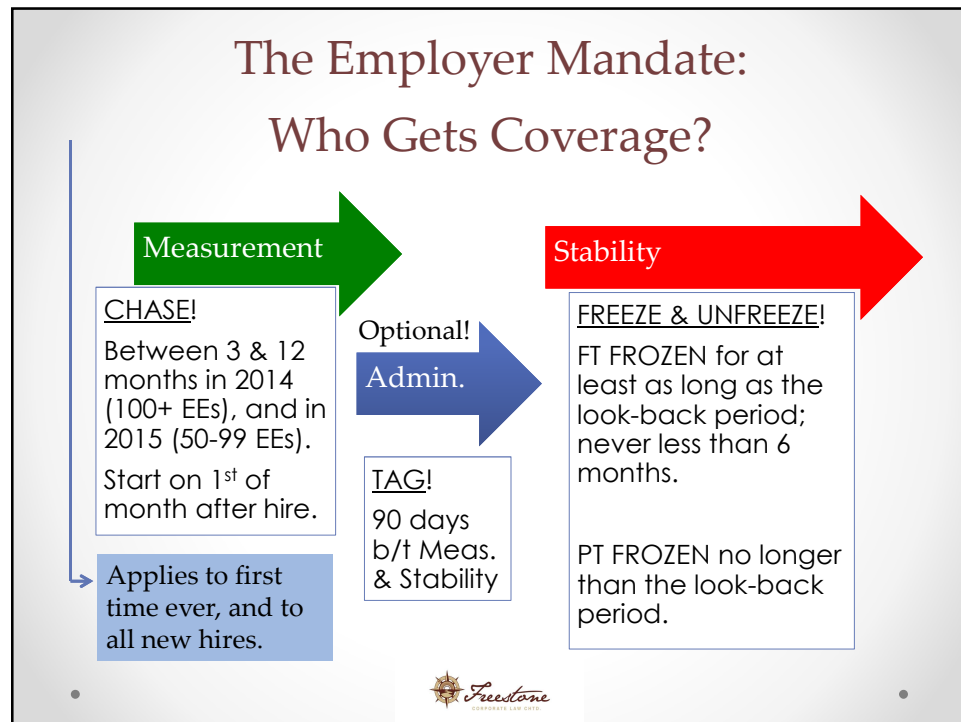
The Employer Mandate: Who Gets Coverage?

Stability Period

"FREEZE & UNFREEZE!"

- Once an ER has tagged an EE as FT or PT, that status remains static (**FROZEN!**), regardless of the actual number of hours EE works.
- FT EEs remain static (**FROZEN!**) for at least as long as the look-back period, and never less than 6 months.
- PT EEs remain static (**FROZEN!**) no longer than the look-back period.
- After each stability period, EEs are measured again to determine where they fit for next year (**UNFROZEN!**).





The Employer Mandate: Who Gets Coverage? NO ONE!!!!

- POPFRT con't.
 - Solution? Make everyone part-time!!
 - Why? Assuming can't get under 50, limit the number of EEs offered coverage (remembering that only full-time employees must be offered coverage, even though we count part-timers to get to 50).
 - Not a great alternative... loophole is basically closed (see affirmation requirements for delay for 50-99ers to 2016)

Freestone

The Employer Mandate: Compliance

- Penalties for Noncompliance
 - 3 Scenarios:
 - Don't offer coverage
 - Offer unaffordable coverage
 - Offer coverage that doesn't provide "Minimum Value"



The Employer Mandate: Compliance

- Scenario 1: Don't Offer Insurance:

If...

1. You are a large employer, and
1. You do not offer minimum essential coverage to 95% of your full-time employees & their dependents, and
1. At least one employee enrolls in a plan through the exchange & receives premium assistance, then
1. You will pay a penalty for each month that this is the case.



The Employer Mandate: Compliance

- Scenario 1: Don't Offer Insurance:
 - How much?
 - $\$166.67 \times (\text{number of full time employees} - 30) = \text{Penalty}$
 - Note: $\$166.67 = 1/12$ of \$2000 annual tax
 - Example: 85 employees
 - $\$166.67 \times (85 - 30) = \$9,166.85 / \text{month}$
 - The multiplier will be adjusted for inflation after 2014



The Employer Mandate: Compliance

- Scenario 2: Offer Unaffordable Coverage:
If...
 1. You are a large employer, and
 2. You offer coverage to your full-time employees & their dependents; but
 3. The premium exceeds 9.5% of the employee's W-2 income; and
 4. At least one employee enrolls in a plan through the exchange & receives premium assistance, then
 5. You will pay a penalty for each month that this is the case.



The Employer Mandate: Compliance

- Scenario 2: Offer Unaffordable Coverage:
 - How much?
 - $\$250 \times (\text{number of full time employees receiving assistance on the exchange}) = \text{Penalty}$
 - **Note:** $\$250 = 1/12$ of $\$3000$ annual tax
 - Example: $\$250 \times 10 = \$2500/$ **month**
 - Capped at the same number as the “offer-no-insurance” penalty.
 - The multiplier will be adjusted for inflation after 2014.



The Employer Mandate: Compliance

- Scenario 2: Offer Unaffordable Coverage:
 - Will EEs/dependents who enroll in this unaffordable coverage be penalized for violating the Individual Mandate?
 - Probably not.
 - If an EE (dependent) is eligible under an employer-sponsored plan, the cost of self-only (family) coverage exceeds 8% of EE's household income, then they are exempt from the Individual Mandate



The Employer Mandate: Compliance

- Scenario 3: Offer Less than "Minimum Value"

If...

1. You are a large employer, and
2. You offer coverage to your full-time employees & their dependents; but
3. The Plan's (ER's) share of the total allowed costs under the plan is less than 60% of those costs; and
4. At least one employee enrolls in a plan through the exchange & receives premium assistance, then
5. You will pay a penalty for each month that this is the case.



The Employer Mandate: Compliance

- What's "Minimum Value"?

- o HHS and IRS have developed a "MV Calculator"
- o Plans can analyze cost-sharing features (e.g. deductibles, co-insurance, out-of-pockets) & enter information into the calculator to determine if the Plan is meeting minimum value
- o MV resources:
 - <http://www.cms.gov/CCIIO/Resources/Training-Resources/Downloads/mv-calculator-webinar-5-13-2013.pdf>
 - <http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/mv-calculator-methodology.pdf>



The Employer Mandate: Compliance

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The Employer Mandate: Compliance

- Scenario 3: Offer Less than "Minimum Value":
 - Will EEs/dependents who enroll in coverage that has less than MV be penalized for violating the Individual Mandate?
 - No.
 - The Individual Mandate req's individuals to enroll in MEC, regardless of whether that coverage offers MV



Court Decisions

- DC Circuit: No premium assistance for folks signing up in federally-run insurance exchanges (36 states, but not Idaho)
- 4th Circuit: Premium assistance for all
- NEITHER is the currently the law of the land
- What's Next: Probably taken up by SCOTUS next term



Court Decisions

- POSSIBLE Effects if DC Circuit Upheld:
 - Reduced applicability of Individual Mandate (i.e.: no premium assistance = fewer folks penalized for not buying coverage)
 - Elimination of Employer Mandate in states with federally-run exchanges (i.e.: no premium assistance = no penalties for failing to offer coverage)
- NO Effect if 4th Circuit upheld





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